



INTERLOCAL COLLABORATION AND REGIONALISM GRANTS

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INTERLOCAL COLLABORATION

Towns collaborate on activities and jointly deliver services in order to cut costs and improve service levels. State law gives towns broad authority to collaborate and authorizes several grants and subsidies to encourage them to do so.

QUESTION

What laws authorize towns to collaborate on different activities? Are there any state grants or other financial incentives for towns that do so? This report updates OLR reports [2012-R-0491](#) and [2011-R-0364](#).

SUMMARY

Many statutes allow towns to collaborate on different activities. Some give them broad authority to (1) collaborate on any activity they can perform separately, (2) jointly finance projects or activities, or (3) share tax revenue. Other statutes specify the activity and how towns may collaborate to undertake it. This includes allowing towns join together to (1)

establish a regional entity to perform a specific municipal function (e.g., health, education, or waste management), (2) implement a regional property revaluation program, or (3) purchase employee health insurance.

The law authorizes various state grant programs and subsidies to incentivize towns to join together to deliver a service, purchase capital equipment, or implement a capital project. The Regional Performance Incentive Program (RPIP) provides grants to towns and regional entities for jointly performing a service they have been performing separately. It has been used to fund a variety of regional initiatives, including information technology, public safety, and public works-related projects. Beginning in 2013, towns and regional councils of government may also apply for RPIP grants to fund the capital and operating costs associated with connecting to the statewide high-speed network (i.e., Nutmeg Network).

There are also a number of grants and subsidies for towns that collaborate to provide specific public services. For example, the State Department of Education (SDE) administers a competitive grant program for school districts and regional education service centers (RESCs) that establish interdistrict cooperative programs. In addition, the Office of State-Wide Emergency Telecommunications (OSET) offers financial incentives to encourage towns to consolidate their 9-1-1 operations.

Towns that join together to purchase capital equipment may qualify for the Intertown Capital Equipment Purchase Incentive Program, which pays up to 50% or \$250,000 of the cost, whichever is less, of buying or leasing a vehicle or other equipment. Groups of towns collaborating on a capital project may also be eligible for Small Town Economic Assistance Program (STEAP) grants.

BROAD AUTHORITY FOR INTERLOCAL COLLABORATION

The law gives towns and municipal bodies (e.g., special taxing districts and municipal districts) blanket authority to enter into interlocal agreements to perform jointly any function that any statute, special act, charter, or home-rule ordinance allows them to perform individually ([CGS § 7-148cc](#) and [§ 7-339a](#) et seq.). It specifies how participants must enter into and approve these agreements, but gives towns flexibility in negotiating their provisions.

Towns may also collaborate to finance projects and activities. [CGS § 7-136n](#) allows them to jointly issue bonds to fund any type of project or activity. It specifies the conditions and procedures for issuing these bonds.

[CGS § 7-148bb](#) allows two or more towns to share real and personal property tax revenue. Those that choose to do so must adopt an agreement endorsed by each participating town's legislative body. Among other things, the agreement must identify the source of the shared revenue and describe how the towns will collect and share it.

AUTHORIZATION FOR SPECIFIED ACTIVITIES

Several statutes allow towns to jointly perform specific services or activities by creating an interlocal entity or by some other method. Towns can establish a wide variety of regional entities with responsibilities for specific municipal functions, such as health, education, transportation, waste management, or economic development, among other things. OLR Reports [2008-R-0533](#) and [2010-R-0072](#) describe these entities and their responsibilities and powers.

The law also specifies several ways in which towns may collaborate on providing specific services without creating an entity to do so. For example, they can establish a regional property revaluation program ([CGS § 12-62q](#)); purchase employee health insurance ([CGS § 7-464b](#)); or establish cooperative arrangements to provide school accommodation services, programs, or activities ([CGS § 10-158a](#)). (OLR Report [2006-R-0616](#) describes the process school boards must follow in entering into these cooperative arrangements.)

Towns can also collaborate for economic development purposes. OLR report [2009-R-0233](#) describes some of the ways in which they can do so. In addition, the law allows towns that belong to the same federal economic development district to enter into mutual agreements to promote regional economic development and share the real and personal property tax revenue that the development generates ([CGS § 7-148kk](#)). Another statute allows towns, through their regional planning and economic development organizations, to organize regional economic development districts, prepare economic development plans, and apply for state and federal economic development funds to implement them ([CGS § 32-741](#)).

FINANCIAL INCENTIVES FOR INTERLOCAL COLLABORATION

RPIP

RPIP, which is funded by a portion of the state hotel tax and rental car surcharge, provides funds to towns and regional entities for jointly performing a service they have been performing separately. The program is open to regional planning organizations (RPOs), two or more towns acting through an RPO, regional economic development districts, and any combination of these eligible entities ([CGS § 4-124s](#), as amended by PA 13-247, §§ 253-254)).

According to the Office of Policy and Management's (OPM) [program guidelines](#), proposed projects must:

1. be new (on a regional basis),
2. demonstrate cost savings,
3. not result in any service loss, and
4. be sustainable on a regional basis once established.

The OPM secretary must give priority to proposals that (1) involve all of a regional entity's member towns and increase their purchasing power or provide cost savings and (2) economic development districts submit.

Beginning in 2013, individual towns or councils of government may also apply under RPIP for a Nutmeg Network grant to fund capital and operating costs

associated with connecting to the network. According to the Nutmeg Network grant [guidelines](#), OPM will award grants in FY 14 and FY 15 to cover capital costs only. In subsequent fiscal years, OPM will consider applications for operating cost grants, together with all other RPIP submissions.

Education Grants and Subsidies

The state provides a number of financial incentives to towns and school districts to encourage them to provide education services on a regional or interdistrict basis.

- Towns receive an Education Cost Sharing grant bonus for each student enrolled in a regional district ([CGS § 10-262h](#), as amended by PA 13-247).
- School districts and RESCs operating interdistrict magnet schools receive a state operating grant for each enrolled student ([CGS § 10-264/](#)).
- Regional school districts and multi-town cooperative arrangements are eligible for higher reimbursement rates for school construction costs ([CGS § 10-285a](#)).
- School districts and RESCs that establish interdistrict cooperative programs (e.g., summer school programs and staff sharing arrangements) may apply for a competitive grant from SDE to fund the programs ([CGS § 10-74d](#)).
- K-12 regional districts and high school regional districts receive a higher reimbursement rate (10 and five percentage points, respectively) for eligible school transportation costs ([CGS § 10-266m](#)).

Subsidies for Regional and Multi-Town Public Safety Answering Points (PSAPs)

OSET offers financial incentives to encourage towns to take advantage of economies of scale by (1) forming multi-jurisdiction PSAPs (i.e., facilities that receive 9-1-1 calls and dispatch emergency response services) and (2) consolidating PSAP operations by eliminating secondary answering points (facilities to which PSAPs transfer 9-1-1 calls instead of dispatching emergency services or transferring the calls to another public safety agency (Conn. Agencies Reg. § 28-24-1(6)). OSET provides:

1. annual subsidies to towns with PSAPs that receive and process 9-1-1 calls for three or more towns (regional emergency telecommunication centers) or for two towns (multi-town PSAPs);
2. one-time, transition funding to help towns offset the cost of forming regional or multi-town PSAPs;

3. annual subsidies to towns that have more than 40,000 residents and reduced funding for each year that they continue to use a secondary answering point; and
4. service credits to encourage dispatch centers to regionalize.

OSET disburses the subsidies based on a formula that considers aggregate population, number of 9-1-1 calls in a given year, and number of emergency services dispatched (Conn. Agencies Regs. §§ 28-24-1 *et seq.*). The formula is designed to give the largest subsidies to towns that have consolidated services and are served by regional PSAPs.

Intertown Capital Equipment Purchase Incentive Program

This grant program, established in 2011 and administered by the OPM secretary, is designed to help towns jointly buy or lease needed vehicles or capital equipment. It provides grants to pay up to 50% or \$250,000, whichever is less, of the cost of buying or leasing (1) a maintenance vehicle, pickup truck, tractor, truck tractor, utility trailer, or similar vehicle or (2) any other equipment, including data processing equipment with a unit price under \$1,000, that has an expected remaining useful life of at least five years from the purchase or lease date. The town must use the vehicle or equipment to perform or deliver a required government function or service.

Further information about the program is available on OPM's website:

<http://www.ct.gov/opm/cwp/view.asp?A=2985&Q=489860>.

STEAP Grants

State law makes groups of towns eligible for STEAP grants, as long as each municipality that is a member of the group is otherwise eligible for the grants ([CGS § 4-66g](#)). STEAP provides grants for capital projects to towns that do not qualify for the Urban Action grant program, which is meant mainly for cities and economically distressed towns. A town can receive up to \$500,000 each fiscal year in total STEAP grants, including any grants it receives as part of a group.

In FY 13, OPM awarded STEAP grants for a variety of capital projects, including reconstructing roads, bridges, and sidewalks; repairing, improving, and constructing town buildings and streetscapes; and constructing recreation facilities. In FY 12, it awarded an \$80,000 grant to a group of seven towns (Canaan, Cornwall, Goshen, Kent, Norfolk, Salisbury, and Sharon) to coordinate marketing and promote local businesses.

Further information about the program is available on OPM's website:

<http://www.ct.gov/opm/cwp/view.asp?a=2965&Q=382970&opmNavPage=%7C>

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